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WEEKLY ROUNDUP OF WORLD PRODUCTION AND TRADE

WR 5-81

WASHINGTON, Feb. 4--The Foreign Agricultural Service of the U.S. Department of Agriculture today reported the following recent developments in world agriculture and trade:

GRAIN AND FEED

In CANADA, the Grain Commission reports that wheat exports to the Soviet Union in the first five months of the current crop year (August-July) reached 2.3 million tons out of a total of 6.7 million tons. This compares with 1.1 million tons out of a total of 5.2 million tons in 1979. Canadian wheat exports to all destinations are estimated at 16 million tons for the 1980/81 crop year.

In INDONESIA, exports of cassava pellets and chips during 1980 likely totaled between 350,000 and 400,000 tons--a more traditional level than the 700,000 tons exported in 1979. The unusually large volume of that year was the result of quality and supply problems in Thailand, the chief cassava exporter, as well as a significant devaluation of the Indonesian rupiah.

Cassava produced in Indonesia enjoys a price premium in foreign markets owing to a quality advantage over Thai products. In addition to pellets and chips, Indonesia exports small quantities of cassava flour, meal and starch. Major markets for all products are West Germany, the Netherlands and France. Reportedly, Indonesia is willing to enter into a voluntary restraint agreement on cassava exports to the European Community (EC) similar to the Nov 5, 1980, EC/Thai agreement, which calls for decreasing shipments to the EC over a six-year period.

Although Indonesia's cassava production has been fairly constant since the mid-1970's at about 13 million tons per year, production potential is considered to be quite large. Cassava's main domestic use is as a fresh vegetable in the human diet, but at present, cassava is an attractive ingredient in local poultry feed because prices are about half those for corn.

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MARY FRANCES CHUGG, Editor. Tel: (202) 447-3370, 447-2381. Weather and Crop Summary prepared by the Joint Agricultural Weather Facility of USDA and NOAA. Tel: (202) 447-8760, 447-7917. Additional copies may be obtained from the FAS Information Services Staff, Room 5918-South, Washington, D.C. 20250. Tel: 447-7937.

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OILSEEDS AND PRODUCTS

In ARGENTINA, the 1981 peanut production forecast has been reduced to 280,000 tons from 442,000 tons (unshelled) by the U.S. agricultural attache in Buenos Aires on the basis of a smaller production area than originally expected. Reportedly, many peanut farmers were discouraged by last season's drought-reduced yields and shifted to sorghum and corn, which were favorably priced in relation to peanuts. These commodities also serve the dual purpose of being harvested for grain or grazed for cattle. Although the peanut harvested area in 1981 is 30 percent below last year, production is expected to be down only marginally as a result of improved yields.

DAIRY LIVESTOCK AND POULTRY

The SOVIET UNION produced 15.1 million tons of meat in 1980, about 2.5 percent less than the total 1979 meat production, according to official Soviet figures. Total milk production was almost 3 percent less than a year ago at 90.7 million tons. Egg production, however, increased about 3 percent, reaching 67.7 billion eggs.

Soviet cattle inventories on Jan. 1, totaled 115.5 million head, an increase of less than 1 percent from a year earlier. The total number of cows (included in the cattle figure) also showed a very slight increase, reaching 43.4 million head, but total hog inventories decreased less than 1 percent at 73.5 million head.

TOBACCO

In BRAZIL, tobacco growers and industry representatives still have not agreed on prices, although more than 70 percent of the cigarette tobacco crop is harvested and has been moving to market for about three weeks. Manufacturers and dealers are paying more than double the 1980 prices for tobacco being delivered to them. Growers, however, claim they need more than triple last year's prices to cover costs. Brazil's inflation rate during 1980 was 110 percent.

Wet weather has threatened spoilage in farm-held stocks and prompted growers to deliver the leaf despite their dissatisfaction with the prices. Manufacturers, on the other hand, claim they are caught in a cost/price squeeze because of government-controlled cigarette prices. The industry received a 40-percent cigarette price increase Jan. 16.

Failure to agree on the price issue could cause Brazil's cigarette leaf production to stabilize in the short term. In fact, Brazil's tobacco output has fallen for two consecutive years from the record 401,000 tons produced in 1979 to 325,000 tons in 1981.

HORTICULTURAL AND TROPICAL PRODUCTS

BRAZIL reopened export sales of frozen concentrate orange juice (FCOJ), on Jan. 29, according to a Brazilian press report. Export sales had been suspended since Jan. 13. With the reopening of exports, the government has imposed a minimum price of \$1,000, f.o.b. Santos, Brazil, per ton of 65 degree brix. No additional restrictions were imposed on FCOJ export sales.

In SPAIN, adverse weather in December and January has resulted in damage to 150,000 to 200,000 tons of citrus, including 20,000 to 25,000 tons of lemons. Most of the damaged fruit was either sold in the domestic market or destined for processing. At least 60 percent of the downgraded lemons, however, were harvested immediately after the freeze and wind damage occurred and were shipped to East European markets.

Through Jan. 11, Spain's fresh citrus exports were 6 percent below the quantity exported in the same period last season. The decline is not attributed to the bad weather, but to a combination of a late maturing crop, an unfavorable economic situation in Western Europe and competition from other exporters of deciduous fruit and citrus. As a result, Spanish exporters are anticipating a 10-percent decline (about 170,000 tons) for the entire season.

The SOVIET UNION has purchased 40,000 tons of seed potatoes from the Netherlands. This is the first Dutch sale of seed potatoes to the USSR in more than five years. The 1980 Soviet potato harvest was particularly dismal and was almost 18 percent below the 1979 harvest of 91 million tons. Normally, the Soviets depend heavily on Poland for seed, but with Poland's disastrous potato harvest (down 48 percent from 49.6 million tons in 1979), they have been forced to look elsewhere.

INTERNATIONAL WEATHER AND CROP SUMMARY, Jan 26 - Feb. 1.

EUROPE--Precipitation slackened further as high pressure again dominated the region. Above-normal precipitation continued in the Balkan Peninsula due to a persistent low pressure system in the eastern Mediterranean, but totals decreased there also. Soil moisture remained good in most countries, with snow covering most of Eastern Europe. However, conditions remained too dry for winter grains in northern Italy and much of Spain. This winter is reportedly one of the driest on record in Spain, with pastures and winter grain germination seriously suffering and reservoirs at low levels. Conditions were the worst in southern Spain, where normally warm temperatures had the greatest desiccating effect on plants. Elsewhere, temperatures in Eastern Europe remained slightly below normal and above normal in the northwest, with conditions in southern England just warm enough for some winter grain growth.

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WESTERN USSR--Light precipitation fell over nearly all of European USSR. Some localized areas received substantially above-normal totals, but in most locations, precipitation remained somewhat below normal. Snowcover did increase slightly in eastern portions of the winter grain belt, giving the crop a little more needed protection in the northeast. Cold weather intruded into the lower Volga Valley briefly during the week, but did not persist long enough to cause winterkill. Average temperatures for the week remained mostly above normal. Abnormally warm weather has been reported to the south, in the cotton-growing area, and relatively light snowpack in the mountains is causing some concern there also.

SOUTH ASIA--Conditions remained favorable for winter grains in Pakistan, India and Bangladesh. Heaviest rains fell in Bangladesh and eastern India, with totals ranging much above normal at many locations. Only light amounts fell in India's major winter grain areas, but moisture conditions remain good, with temperatures running slightly above normal. Kashmir and northern Pakistan had a second consecutive week of abundant precipitation.

NORTHWESTERN AFRICA--Light rain fell in southern winter grain areas of Morocco, but not enough to do much good for winter grains suffering from dry conditions. Grain areas in northern Morocco and western Algeria received very little precipitation, but soil moisture remained adequate due to earlier rains. Moderate rainfall continued in eastern Algeria and northern Tunisia, maintaining good prospects for winter grain crops in this area.

EASTERN ASIA--Precipitation increased south of the Yangtze River, but totals remained below normal. Most winter grain areas received no precipitation. Below-normal temperatures kept the crop dormant, and irrigation water supplies should be sufficient for plants as dormancy breaks. However, unless precipitation begins its normal increase for this time of year, moisture shortages could develop before the crop passes through the moisture-sensitive stage. Light precipitation in southern South Korea maintained favorable soil conditions for most barley areas.

SOUTH AFRICA--Another week of significant rainfall of 30 to 50 mm in nearly all of the Maize Triangle provided beneficial moisture for the corn crop. A major portion of this crop should be in the reproductive stage with early-planted corn in the kernel-forming stage. Soil moisture supplies have increased over the past two weeks and these reserves should meet crop moisture demands during this peak period of water use. Favorable growing conditions in the Maize Triangle at the present time brighten prospects for this season's corn production.

SOUTH AMERICA--Weekly rainfall was generally less than 25 mm in most of Brazil's corn and soybean areas, except in the south where 30 to 70 mm of rain fell in crop areas of Rio Grande do Sul. Moisture supplies are adequate for crop growth and maximum temperatures have not been excessive, generally, not exceeding the low 30's Celsius. The soybean crop in northern areas is well

into the pod-filling stage, while farther south pods are beginning to set. In Argentina's important soybean corn areas of Santa Fe, Cordoba and Buenos Aires, heavy precipitation of 30 to 125 mm fell during shower and thunderstorm periods throughout the week. Conditions also are favorable for crop growth in Argentina.

MEXICO--Light to moderate rains improved soil moisture over the west coast during the first day of the week. During the rest of the week, sunny, mild to warm conditions (18 to 20 degrees Celsius) favored growth and harvest of tomatoes, cucumbers and other winter vegetables. Localized heavy rains fell in some minor vegetable producing areas in the extreme northwest and the southwestern coast of Baja California. Northeastern citrus districts warmed considerably, with temperatures averaging 19 to 21 degrees Celsius, which was 2 to 4 degrees above normal. Some citrus trees could lose cold hardiness and buds could begin to swell. The rest of the country was mostly dry with good weather for harvesting corn.

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ROTTERDAM PRICES AND E.C. IMPORT LEVIES:

Asking prices in U.S. dollars for imported grain and soybeans, c.i.f., Rotterdam, the Netherlands, compared with a week earlier and a year ago:

Item	Feb. 3, 1981	Change from previous week	A year ago
	\$ per m. ton	\$ per bu.	¢ per bu.
Wheat			
Canadian No. 1 CWRS-12.5%...	1/	1/	1/
U.S. No. 2 DNS/NS: 1%.....	217.50 7/	5.92 7/	- 8 7/
U.S. No. 2 DHW/HW: 13.5%....	227.00	6.18	- 7
U.S. No. 2 S.R.W.....	218.00	5.93	- 5
U.S. No. 3 H.A.D.....	262.00 7/	7.13 7/	- 5 7/
Canadian No. 1 A: Durum.....	1/	1/	1/
Feed grains:			
U.S. No. 3 Yellow Corn.....	169.00	4.29	- 4
U.S. No. 2 Sorghum 2/.....	184.00	4.67	- 3
U.S. No. 2 Barley 3/.....	1/	1/	1/
U.S. No. 2 Barley 3/.....	210.00	4.57	+ 3
Soybeans:			
U.S. No. 2 Yellow.....	306.00	8.33	+12
Argentine 4/.....	318.00 7/	8.65 7/	+12 7/
U.S. 44% Soybean Meal (M.T.)	274.50	--	+6.50 5/
EC Import Levies			
Wheat 6/.....	71.55	2.28	+15
Barley.....	34.15	0.74	-15
Corn.....	74.25	1.89	-4
Sorghum.....	55.35	1.41	-4

1/ Not available.

2/ Optional delivery: U.S. or Argentine Granifero Sorghum.

3/ Pacific Northwest origin.

4/ Optional delivery: Brazil yellow.

5/ Dollars per metric ton.

6/ Durum has a special levy.

7/ April-May delivery.

Note: Basis February delivery.

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